Pentamaster Corp (PENTA MK)

Rebounding In 2H25; Accelerating In 2026

HOLD (Maintained)

Share Price	RM4.24
Target Price	RM3.75
Upside	-11.6%

Analyst(s)
Desmond Chong
desmondchong@uobkayhian.com
+603 2147 1980

Highlights

- Pentamaster's sales momentum is rebounding in 2H25 after a subdued 1H25, underpinned by stronger FAS deliveries across the consumer electronics (CE) and data centre (DC) segments.
- It is poised for a meaningful recovery in 2026, driven by the rollout of next-generation test and inspection systems, as collaborations with major global fabs, foundries, IDMs, and OSATs begin to bear fruit.
- Maintain HOLD, with an unchanged target price of RM3.75, based on 34.0x 2026F PE, in line with the sector's seven-year forward mean for SPE peers.

Analysis

- **Navigating a transitional 2025.** 2025 remains a year of transition for Pentamaster Corp (Pentamaster), with 1H25 revenue and core earnings contracting 19% and 29% yoy respectively, weighed by elevated input costs, intensified pricing competition, and project delivery delays stemming from trade-related uncertainty. While management acknowledged the challenging 1H25 backdrop, order visibility has improved - with an RM350m orderbook (as of 2Q25) and signs of healthier replenishment - supporting our expectations of a modest single-digit revenue decline and a flattish full-year performance.
- **2H25 recovery anchored by FAS project deliveries.** Recall that the group reported a sequentially stronger 2Q25 with revenue of RM144.9m (+10% qoq, -16% yoy) and core net profit of RM19.0m (+103% qoq, -33% yoy), underpinned by solid growth in the Automated Test Equipment (ATE) segment (65% revenue mix). Although Factory Automation Solutions (FAS) sales were subdued in 1H25 (at 35% mix) due to the timing of project deliveries, these were largely deferred rather than cancelled. We anticipate a meaningful rebound in FAS contribution in 2H25, driven by higher-value deliveries and an improved margin mix, which could lift net profit to RM36m-40m (vs 1H25's RM28.4m), in line with our full-year forecast of RM68m. By sector, momentum in automotive, consumer/industrial, and data centre segments is expected to underpin near-term recovery, while electro-optical and medical contributions should only materialise more meaningfully in 2026.
- **Positioning for 2026 with new product momentum.** Looking ahead, 2026 is shaping up as a stronger recovery year, underpinned by an expanding product roadmap in advanced packaging. The group is progressing on front-end inspection systems, burn-in test solutions, and next-generation substrate test platforms targeting AI, DC, high-performance computing (HPC), and networking applications. Collaborations with leading global fabs, foundries, IDMs, and OSATs are moving into execution phase, with mass production of new platforms expected as early as 1H26; these position the group well to capture the next upcycle in semiconductor equipment demand.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	692	623	627	735	847
EBITDA	159	128	141	161	186
Operating profit	141	106	97	112	130
Net profit (rep./act.)	89	65	68	78	91
Net profit (adj.)	88	80	68	78	91
EPS (sen)	12.4	11.2	9.5	10.9	12.8
PE (x)	34.3	37.7	44.5	38.7	33.2
P/B (x)	4.3	4.0	4.2	3.6	3.2
EV/EBITDA (x)	17.8	22.8	21.2	18.3	15.6
Dividend yield (%)	0.5	-	-	-	-
Net margin (%)	12.9	10.5	10.8	10.6	10.7
Net debt/(cash) to equity (%)	(0.5)	(0.4)	(0.3)	(0.3)	(0.4)
Interest cover (x)	na	na	na	na	na
ROE (%)	13.4	9.0	9.6	10.2	11.0
Consensus net profit			69.8	86.0	98.5
UOBKH/Consensus (x)			0.97	0.90	0.92

Source: Pentamaster Corporation, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Industrials
Bloomberg ticker:	PENT MK
Shares issued (m):	711.3
Market cap (RMm):	3,020.2
Market cap (US$m):	717.4
3-mth avg daily t'over (US$m):	2.0

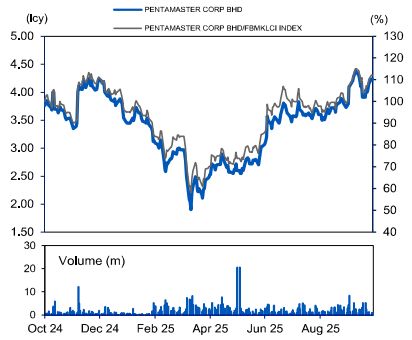
Price Performance (%)

52-week high/low				RM5.32/RM1.90
1mth	3mth	6mth	1yr	YTD
13.7	18.4	72.4	12.8	1.4

Major Shareholders

	%
Chuah Choon Bin	19.7
Bank Julius Baer & Co AG	19.7
Employees Provident Fund	8.8
FY25 NAV/Share (RM)	1.62
FY25 Net Cash/Share (RM)	0.64

Price Chart



Source: Bloomberg

Company Description

Pentamaster designs, manufactures and installs automated equipment in the semiconductor, pharmaceutical, medical devices, automotive, food and beverages, and consumer goods industries globally.

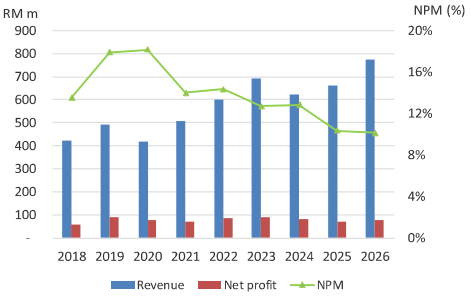
- **Orderbook remains at RM350m, but visibility has improved.** Pentamaster's 2Q25 orderbook stood at RM350m (rolling basis), in line with the previous quarter. The operating environment in 1H25 remained challenging, with margin pressure from elevated input costs, intensified pricing competition, and delayed project rollouts amid trade uncertainty. However, visibility has improved following clearer tariff outcomes, particularly for the ATE segment, where customers have gradually resumed capital investments in next-gen test handling and burn-in systems, especially in logic and power semiconductor subsegments. Meanwhile, the FAS division remains proactive in diversifying its customer base and extending its reach beyond traditional strongholds, targeting growth areas such as renewable energy, data centres, and healthcare automation.
- **On the strategic front,** following the successful privatisation of PIL with Puga Holdings Limited - a holding company backed by a leading semiconductor private equity firm, prominent Taiwanese semiconductor players, and global sovereign wealth funds - Pentamaster is beginning to unlock strategic advantages. Puga's extensive network and investment portfolio in the global technology ecosystem, particularly in Taiwan and the US, has opened greater access to new customers, collaborative R&D initiatives, and strategic market-entry opportunities.
- **Secular growth anchors remain intact.** The group continues to strengthen its capabilities in advanced packaging technologies, underpinned by accelerating demand in AI, HPC, and other data-intensive, high-speed applications. These structural trends provide a favourable backdrop for long-term growth, positioning Pentamaster to capitalise on next-generation technology opportunities over the mid- to long term.

Revenue By Segment

Year to 31 Dec (RMm)	1H25	1H24	Yoy chg %
Total Revenue	276.48	342.16	-19.2%
Electro Optical (Telco)	59.57	53.03	12.3%
Auto	95.08	95.29	-0.2%
CE & Industrial	37.26	16.91	120.3%
Semicon	38.33	21.30	79.9%
Medical	42.46	155.52	-72.7%
Others	3.77	0.11	3362.4%

Source: Pentamaster, UOB Kay Hian

Revenue And Margin Outlook



Source: Pentamaster, UOB Kay Hian

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of RM3.75** based on 34.0x 2026F PE (average SPE's seven-year forward PE). The stock has rebounded from its April trough of RM1.90, supported by improving sentiment on clearer tariff outcomes and strengthening fundamentals. Following this sharp recovery, we are of the view that the current valuation is fair as it presents a balanced risk-reward profile.

Earnings Revision/Risk

- None.

Environmental, Social, Governance (ESG)

Environmental

- To minimise waste, Pentamaster only starts material procurement, assembly and programming once a suggested solution is approved by its customers.

Social

- In 2020, besides various donations to support NGOs, Pentamaster provided used computers to schools and charity homes to support e-learning, low-cost ventilators to support local hospitals, and financial assistance to the needy.

Governance

- The company has in place an Anti-Bribery and Anti-Corruption Policy, there were zero whistle-blowing and bribery instances in 2020.

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**623**	**627**	**735**	**847**
EBITDA	128	141	161	186
Deprec. & amort.	(22)	(44)	(50)	(56)
EBIT	106	97	112	130
Total other non-operating income	0	0	0	0
Associate contributions	(1)	(1)	(1)	(1)
Net interest income/(expense)	0	0	0	0
Pre-tax profit	**105**	**97**	**111**	**129**
Tax	(2)	(1)	(1)	(1)
Minorities	(39)	(28)	(32)	(37)
Net profit	**65**	**68**	**78**	**91**
Net profit (adj.)	80	68	78	91

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	467	522	570	611
Other LT assets	77	77	77	77
Cash/ST investment	449	370	410	464
Other current assets	359	385	439	494
Total assets	**1,352**	**1,354**	**1,496**	**1,647**
ST debt	0	0	0	0
Other current liabilities	257	274	299	324
LT debt	0	0	0	0
Other LT liabilities	13	13	13	13
Shareholders' equity	748	734	851	977
Minority interest	333	333	333	333
Total liabilities & equity	**1,352**	**1,354**	**1,496**	**1,647**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**138**	**63**	**90**	**104**
Pre-tax profit	105	98	112	130
Tax	(1)	(1)	(1)	(1)
Deprec. & amort.	(22)	(44)	(50)	(56)
Associates	1	1	1	1
Working capital changes	5	9	29	30
Non-cash items	0	0	0	0
Other operating cashflows	50	0	0	0
Investing	**(146)**	**(142)**	**(50)**	**(50)**
Capex (growth)	(155)	(50)	(50)	(50)
Investments	(4)	(92)	0	0
Proceeds from sale of assets	0	0	0	0
Others	13	0	0	0
Financing	**(33)**	**0**	**0**	**0**
Dividend payments	(14)	0	0	0
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(18)	0	0	0
Net cash inflow (outflow)	**(40)**	**(79)**	**40**	**54**
Beginning cash & cash equivalent	**491**	**449**	**370**	**410**
Changes due to forex impact	(2)	0	0	0
Ending cash & cash equivalent	**449**	**370**	**410**	**464**

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	20.5	21.5	21.0	21.0
Pre-tax margin	16.9	14.8	14.5	14.6
Net margin	10.5	10.4	10.1	10.3
ROA	4.9	5.1	5.6	6.2
ROE	9.0	9.5	10.1	10.9
Growth				
Turnover	(12.9)	(5.8)	15.4	37.6
EBITDA	(25.8)	(14.0)	2.6	22.8
Pre-tax profit	(33.1)	(40.3)	(27.2)	(10.1)
Net profit	(34.9)	(30.2)	(15.6)	3.5
Net profit (adj.)	(34.9)	(30.2)	(15.6)	3.5
Leverage				
Debt to total capital	-	-	-	-
Debt to equity	-	-	-	-
Net debt/(cash) to equity	(41.5)	(34.6)	(34.6)	(35.4)
Interest cover (x)	na	na	na	na

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act 2001 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas ("PT UOBKH"), which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOB Kay Hian (M) Sdn. Bhd. ("UOBKHM") (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.